



Director of
Central
Intelligence

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National Intelligence Daily (Cable)

12 April 1982

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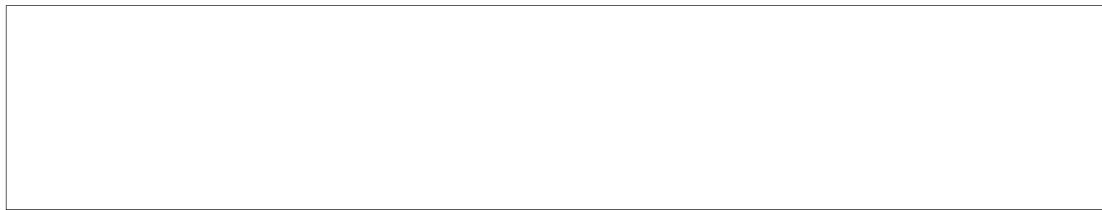
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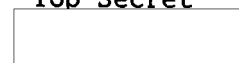
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UK-ARGENTINA: Status of the Crisis

//The UK and Argentina both hope a negotiated settlement will result from the shuttle diplomacy of the US Secretary of State. At the same time, they continue to seek international support and prepare for a military showdown, which neither wants. Moscow and its allies, meanwhile, are increasingly supportive of Buenos Aires.//

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Comment: //With Buenos Aires demanding prior recognition of Argentine sovereignty over the Falkland Islands and London insisting on the withdrawal of Argentine troops before talks are held, the prospects for an early diplomatic breakthrough appear slim.//

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OAS Views

//The OAS today will begin debating a draft resolution--sponsored by Colombia, Ecuador, and Costa Rica--calling for OAS action to resolve the crisis. According to press reports, Peru intends to suggest that an OAS peacekeeping force under UN authority be sent to the islands while negotiations take place. [REDACTED]

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Comment: //The OAS is likely to be cautious while the US mediation is in progress, although it may establish a committee to investigate ways to contribute to a solution. Tensions are mounting between the Latin American members, most of whom support Argentina's claim to the Falklands, and the English-speaking members from the Caribbean, who favor Britain. It is unlikely that the Rio Treaty will be invoked under these circumstances. If hostilities break out, however, most Latin American nations may back Argentina.// [REDACTED]

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Action by the EC

//The UK for its part, achieved a major diplomatic success on Saturday when the EC announced it will boycott all imports from Argentina and embargo sales of arms and military equipment to that country. British officials expressed satisfaction with the announcement, but it fell short of the comprehensive sanctions they had requested. The Community made no joint decision to suspend export credits for Argentina, leaving that matter to national authorities.// [REDACTED]

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//In reaction to the EC's move, Buenos Aires announced that it intends to "review" the imports of the EC countries on a case-by-case basis.// [REDACTED]

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Comment: //The EC's boycott on imports will not have much effect on its members, which have a highly favorable balance of trade with Argentina. Nonetheless, the boycott is a manifestation of the solidarity that the EC members feel toward the US, and it will improve relations between London and its economic partners significantly.//

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//Argentina stands to lose markets for nearly 30 percent--about \$1.5 billion--of its exports because of the EC action, but the loss will have little near-term impact on its economy.//

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Soviet-Cuban Activities

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//A *Pravda* article issued yesterday stated that restoration of the colonial status of the Islands is "absolutely inadmissible," and declared that the dispute "can and must be solved by peaceful negotiations."//

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//The Communist countries are following the Soviet line of increasingly leaning toward the Argentines while not explicitly condoning Argentina's use of force against the Falklands.//

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//After a yearlong absence, the Cuban Ambassador to Argentina returned to Buenos Aires on Saturday, and his Argentine counterpart returned to Havana yesterday. Cuban radio also has been broadcasting anti-British commentary.//

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Comment:

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//Havana clearly is pleased by the dispute between two US allies but apparently has not taken advantage of the situation other than for propaganda purposes.//

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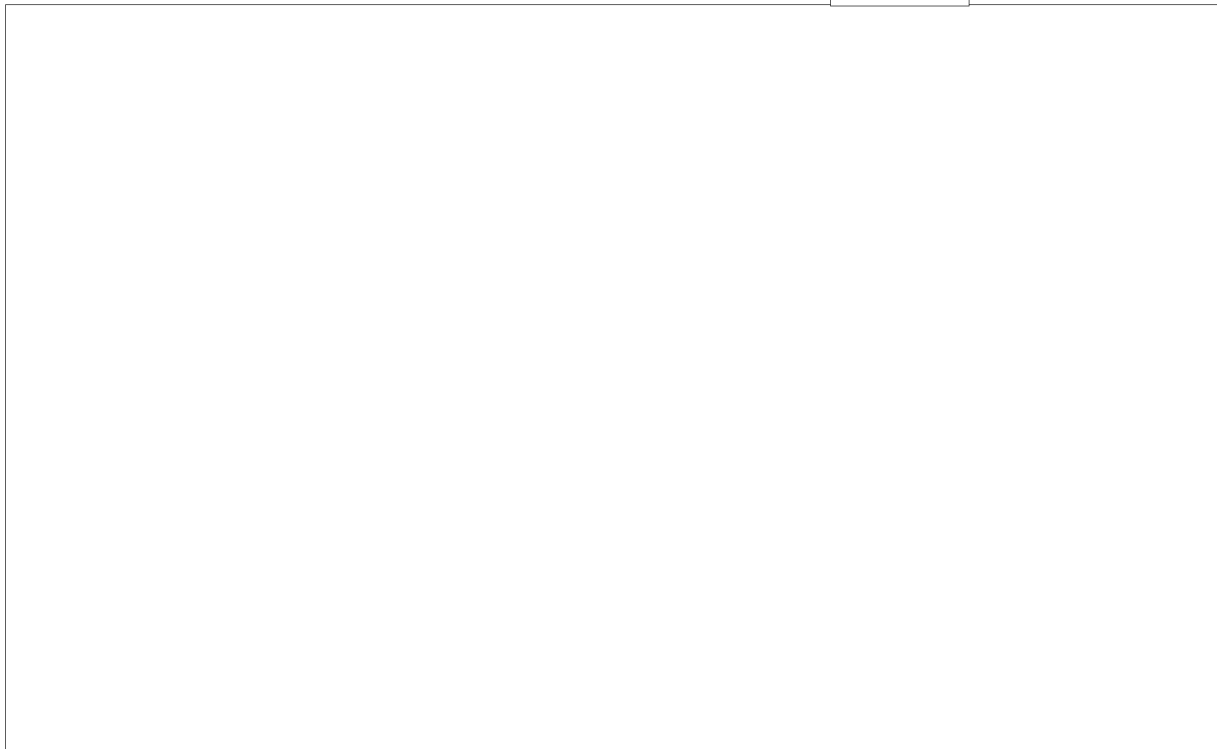
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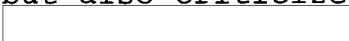
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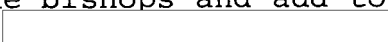
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POLAND: Church Proposal

Archbishop Glemp, in his Easter sermon yesterday, revealed his new initiative for resuming a dialogue between government and society. According to the US Embassy, his 10-point program calls for new discussions between the government, the Church, and a broadly based committee representing all of society, including Solidarity. It would negotiate timing for ending martial law, discuss ways to reactivate trade unions and reestablish civil rights, and address economic and social reforms. This document, which has not yet been approved by Church bishops, supports Solidarity but also criticizes it for going too far in some areas. 

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Comment: The document is a direct challenge to the regime to break the current political stalemate, but the authorities are not likely to accept it as a basis for negotiation, although they welcome the criticism of Solidarity. Glemp's apparent offer of direct Church involvement in negotiations reverses the position taken by the Church in late February. This change, as well as the criticism of Solidarity, may provoke heated discussion among the bishops and add to the deterioration of Glemp's image. 

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